

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2054 - SB 2467

February 21, 2018

SUMMARY OF BILL: Exempts 501(c)(4) organizations, operating as advocacy organizations, from registering as charitable organizations with the Secretary of State.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$23,500/Division of Charitable Solicitations

Assumptions:

- To be considered an “advocacy organization”, the 501(c)(4) organization would have to contact or urge the public to contact members of government for the purpose of supporting or opposing legislation, advocate for the adoption or rejection of legislation, or employ lobbyists.
- Pursuant to Tenn. Code Ann. § 48-101-506, charitable organizations which solicit contributions from or within this state in excess of \$30,000 annually are required to register with the Secretary of State’s office (SOS). Such organizations renewing their registrations pay filing fees ranging from \$80 to \$240, based on their annual gross revenue from the previous fiscal year.
- Based on information provided by the SOS, there are 264 501(c)(4) organizations currently registered with the Division of Charitable Solicitations who paid approximately \$47,000 in filing fees in FY16-17.
- It is reasonable to assume that 50 percent of the 501(c)(4) organization currently paying filing fees will be classified as an advocacy organization and thus will become exempt from payment of such registration fees under the provisions of this legislation.
- While the extent of filing fees paid by each 501(c)(4) who will be exempt is unknown, it is reasonably estimated that the proposed legislation will result in a recurring decrease in state revenue exceeding \$23,500 to the Division of Charitable Solicitations (\$47,000 registration filing fees x 50% decrease).

IMPACT TO COMMERCE:

Decrease Business Expenditures – Exceeds \$23,500

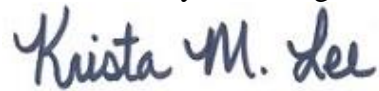
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Assumptions:

- It is reasonably assumed that 50 percent of businesses currently registered as a 501(c)(4) charitable organizations with the Division of Charitable Solicitations will no longer have to pay filing fees due to the proposed exemption.
- The proposed legislation will result in a recurring decrease in business expenditures for newly exempted 501(c)(4) organizations which are estimated to exceed \$23,500.
- Any impact to jobs in Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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